

# BUSA Pension and Provident Funds Life Stage Model Change

## Dear Member

The Trustees of the BUSA Pension and Provident Funds, on the advice of Sasfin Asset Consulting, have amended the **life stage model** for the BUSA Pension and BUSA Provident Funds (The 'Funds'). What this means is that as you near retirement, your investment is switched into a less riskier investment portfolio, to take off some of the risk associated with short term volatility as you near retirement.

During the annual investment strategy review of the Funds it was resolved by the Board of Trustees to adjust the default life stage investment model of the **BUSA Pension and Provident Funds**. The Trustee life stage investment model is age related, for example, a 30 year old member has a longer investment horizon and therefore has his/her retirement savings are invested in the "Horizon High Equity Portfolio" which means higher potential returns, at higher risk, over a longer period of time. A 59 year old member will automatically be moved into the "Horizon Medium Equity Portfolio", which is designed to protect the members capital as they approach retirement. The portfolio returns are slightly lower than the High Equity Portfolio, however there is also less risk of capital loss due to poor market performance.

The reason for this change relates to the **need for the retirement savings of each member to work as long and as hard as possible to the date of retirement** without taking on undue investment risk. **As a result of the change the new life stage model will now only start de-risking at 7 years before the Employer's normal retirement age (NRA) and not 10 years as before. This means that all members that are currently more than 6 years away from the NRA and who were, by policy default migrated to the Sasfin Horizon Medium Equity Portfolio will be migrated back to the Sasfin Horizon High Equity Portfolio. This will happen automatically unless a member actively requests (by completing the appropriate forms) to remain in the current portfolio in which they are invested. Those members who are currently being switched as part of the old life stage model and who are directly affected by this change will receive individual communication.**

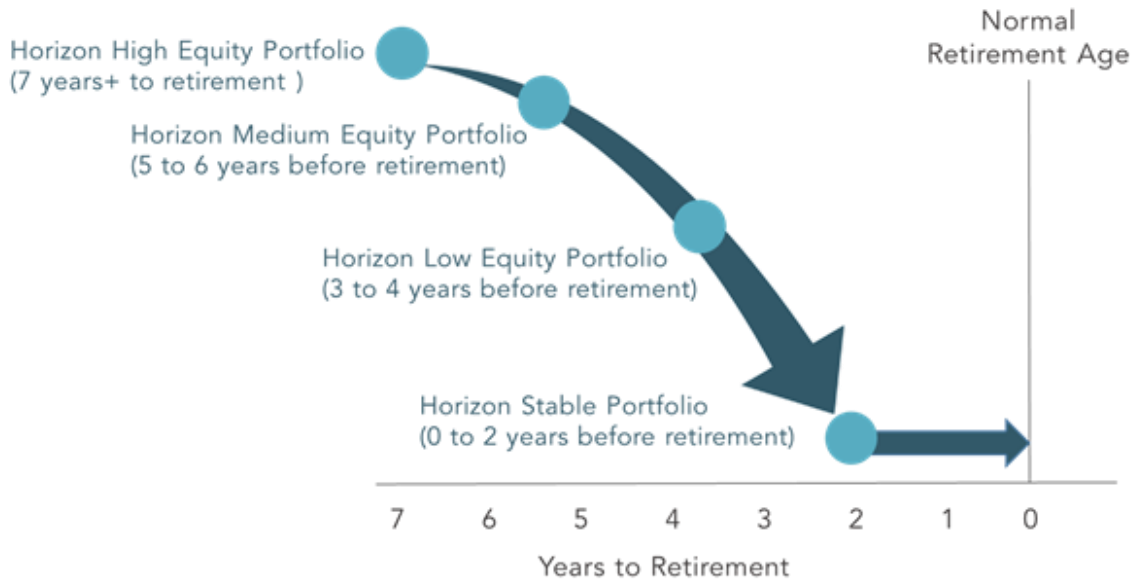
It is your responsibility and in your interests to make clear which portfolio you wish to remain in. Should you elect to do nothing you will be invested as per the approved Trustee default lifestage investment model.

The timing and process of de-risking is shown in the attached graph. Please make every effort to familiarise yourself with the process.

# Life Stage Model Review

## Life Stage Model

Below is an illustration of the new life stage model:



If you are not comfortable with how the change in the life stage model will affect you, you may elect to opt out of the default life stage model of the Fund and select your own portfolio. We would recommend that selecting your own portfolio should be done based on advice received from a qualified and registered financial planner or you may contact Chartered Employee Benefits on (011) 502 2800, who are the consultants to your retirement fund.

This decision was carefully considered by the Board of Trustees and the Fund investment advisors and they unanimously agreed the detailed changes are in the best interests of the members.

It is your responsibility and in your interests to ensure you understand in which portfolio you are invested in. Should you receive a letter, you need to respond to that letter by no later than 30 September

Regards

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Sasfin Financial Advisory Services (Pty) Ltd  
Reg no. 1997/010819/07 info@sasfin.com  
29 Scott Street Waverley Johannesburg 2090  
PO Box 95104 Grant Park 2051  
Tel: +27 11 809 7500 Fax: +27 11 809 7794  
Also at Cape Town Durban Pretoria  
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BUSA Board of Trustees

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